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MEDIA RELEASE

DPS Awards \$1.3 Million for Clean Energy Development Projects

Montpelier, VT – Vermont Department of Public Service (DPS), Commissioner David O'Brien announced today that the DPS will award \$1.3 million from the Clean Energy Development Fund (CEDF) for projects throughout the state. The Clean Energy Development Fund was established in 2005 through ACT 74 and is funded through proceeds due to the state under the terms of two memoranda of understanding between the DPS and Entergy. The purpose of the CEDF is to promote the development and deployment of cost-effective and environmentally sustainable electric power resources – primarily with respect to renewable energy resources, and the use of combined heat and power (CHP) technologies - for the long-term benefit of Vermont electric customers. The CEDF will receive payments between \$6.0 - 7.2 million annually from Entergy through 2012.

"The DPS will use the funds to support a diversified portfolio of clean energy technologies that will benefit ratepayers and have positive impacts in terms of economic development and environmental attributes," said O'Brien. The Department will distribute the initial \$1.3 million that has been appropriated by the VT Legislature and approved by the Joint Fiscal Committee for spending prior to December 1, 2006 for the following technologies and initiatives.

The DPS will provide \$500,000 for the *Vermont Solar and Small Wind Incentive Program*, which was originally established in June 2003 through Act 69. The program provides incentives to reduce the costs of installing solar electric, small wind, and solar hot water systems. Since its inception the program has provided \$1,128,400 in incentives to support the installation of 286 renewable systems. There is an additional \$245,520 currently reserved for 63 systems that will be installed within the next 8 months.

Animal wastes such as cow manure can be used to generate electricity through anaerobic digestion. The increased use of anaerobic digester technology in Vermont would not only provide a source of energy generation on farms, it also addresses odor control, and can mitigate run-off of pollutants into local waterways. One barrier to the use of anaerobic digestion is the lack of access by farms to three-phase power lines

that are needed for economic, commercial electrical generation. The DPS will distribute \$485,000 of the initial funds to overcome the three-phase power barrier for three Franklin County farms.

A portion of the initial funds will also be used to support further development of CHP technologies in Vermont. CHP can be an efficient, clean and reliable approach to generating power and thermal energy that provides numerous benefits to energy users, the environment, and the electric grid. However, the up-front capital cost can be a barrier to increased CHP deployment. The DPS will provide \$50,000 for CHP projects.

There has been great success in Vermont in using wood for fuel in commercialized boilers, particularly in K-12 schools where 25 systems have been installed. The DPS will provide \$100,000 of the initial funds for the installation of a biomass system in a public building.

“These projects will demonstrate Vermont’s ongoing commitment to a clean, diversified energy portfolio,” said O’Brien. “The CEDF provides a unique opportunity to further develop these resources in Vermont.”

In accordance with Sec. 5, 10 V.S.A § 6523 funds will also be allocated for a DPS initiated public engagement process (\$50,000) and for projects under the agricultural economic development special account (\$100,000) established under 6 V.S.A. § 4710. The Department will also allocate \$15,000 for administration costs and facilitation of a public hearing.

The DPS has issued a report, which includes background information on the CEDF, proposes guiding principles and program design, outlines the distribution of the initial \$1.3 million in funds, and recommends potential project areas for funding going forward. The program design suggestions included in this report will lay the foundation for a five-year strategic plan to be submitted to the CEDF Advisory and Investment Committees for approval. The DPS will solicit feedback on the report and potential future funding areas from stakeholders and general public through the website and a public hearing. The CEDF report is available on the DPS website at: <http://publicservice.vermont.gov>

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